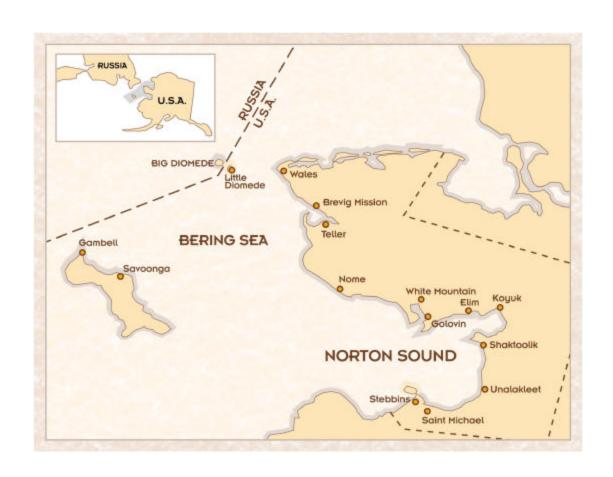
2003 SECOND QUARTER REPORT April 1 – June 30, 2003





NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

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I. Quarterly Highlights

- NSEDC standing committees held their 2003 first quarter meetings in Nome on April 23 24, 2003.
- NSEDC Board of Directors held their 2003 first quarter meetings in Nome on April 23 24, 2003.
- Glacier Fish Company held their quarterly management meeting on May 19, 2003.
- NSEDC awarded \$27,187 to twenty-three residents in post-secondary scholarships during the second quarter of 2003.
- NSEDC awarded \$8,750 to seven residents in vocational scholarships during the second quarter of 2003.
- Twenty-eight residents of member communities or of nearby communities worked on the *F/V Northern Glacier*, *F/V Pacific Glacier* and the *F/V Norton Sound* earning a total of \$267,993.85 in wages in the second quarter.
- NSEDC sponsored a Fisheries Safety Orientation Class at the Alaska Vocational Technical Center from April 13 24, in which eight participants were certified.
- A total of sixteen internships were sponsored by NSEDC during the second quarter. Internships were sponsored at Kawerak, Inc. (4), ADF&G (5), Glacier Fish Company (1), Nome District Attorney's Office (1), NSEDC Norton Sound Fisheries R & D (4), and NSEDC Administration (1).
- NSEDC/NSSP purchased a total of 2,663 lbs. of Norton Sound winter red king crab in Nome from eleven fishermen for a total value to the fishermen of \$8,654.75 during the second quarter. Year-to-date, NSEDC/NSSP purchased a total of 9,684 lbs. of Norton Sound winter red king crab for a total value to fishermen of \$31,472.75.
- NSEDC received a CDQ Norton Sound red king crab allocation of 9,450 lbs. for 2003. NSEDC/NSSP purchased a total of 2,565 lbs. of CDQ Norton Sound red king crab from nine fishermen for a total value to the fishermen of \$6,780.
- The NSEDC Norton Sound Fisheries Research & Development Program began the summer season conducting three projects: Juvenile Coho Production and Distribution Project, Juvenile Chum Ecology Project and the Chum and Coho Fecundity Project. These three projects were in addition to financially sponsoring projects with ADF&G, Kawerak, Inc., Native Village of Unalakleet and the Bureau of Land Management.

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II. Community Development

A. Progress Toward Goals, Objectives, Milestones

Administrative

MILESTONE: NSEDC BOARD OF DIRECTORS WILL HOLD REGULARLY SCHEDULED MEETINGS DURING EACH QUARTER IN 2003-2005

Activity: NSEDC Board of Directors held their 2003 first quarter meetings in

Nome on April 23 – 25, 2003.

MILESTONE: NSEDC WILL HAVE AN ANNUAL AUDIT TO BE COMPLETED BEFORE MAY 31 OF 2003-2005

Activity: NSEDC contracted with KPMG to conduct the NSEDC 2002

Annual Audit, which was completed prior to May 31st.

MILESTONE: NSEDC WILL PREPARE AND SUBMIT AN ANNUAL BUDGET FOR THE FOLLOWING YEAR, NOT LATER THAN THE END OF THE FIRST QUARTER OF EACH YEAR.

Activity: NSEDC submitted an annual budget for 2003 in December of 2002.

MILESTONE: NSEDC WILL PREPARE A CORPORATE ANNUAL REPORT FOR ITS MEMBERS, AND MAIL IT TO RESIDENTS IN THE FIFTEEN MEMBER COMMUNITIES BY THE THIRD QUARTER OF 2003-2005

Activity: The NSEDC 2002 Corporate Annual Report was completed and

mailed to residents in NSEDC's fifteen member communities in the

second quarter of 2003.

MILESTONE: NSEDC WILL PROVIDE STAFF TRAINING EACH YEAR, NOT LATER THAN THE END OF THE FOURTH QUARTER

Activity: No activity this quarter.

MILESTONE: NSEDC WILL FILE QUARTERLY REPORTS TO THE STATE OF ALASKA WITHIN THIRTY DAYS OF THE END OF EACH CALENDAR QUARTER

Activity: Quarterly reports for the first quarter of 2003 were submitted to the

State of Alaska on April 30, 2003.

MILESTONE: NSEDC WILL FILE AN ANNUAL REPORT TO THE STATE OF ALASKA BY MAY 31 OF EACH YEAR

Activity: The NSEDC 2002 Annual report was submitted to the State of

Alaska on January 31, 2003.

MILESTONE: NSEDC WILL SUBMIT AN OMNIBUS BUDGET PLAN AMENDMENT, BY THE END OF THE SECOND QUARTER OF EACH YEAR

Activity: The NSEDC Omnibus Budget Plan Amendment will be submitted

in the third quarter.

CDQ Harvest Management

MILESTONE: BY THE END OF THE THIRD QUARTER OF THE YEAR 2005 NEGOTIATE NEW HARVEST AGREEMENTS FOR ALL MULTISPECIES CDQ.

Activity: No activity this quarter.

MILESTONE: NSEDC AND GFC WILL HARVEST IT CDQ POLLOCK ALLOCATION, AS MUCH AS PRACTICABLE WITHOUT OVER-HARVEST, BY THE END OF EACH FISHING SEASON.

Activity: There was no direct harvest of CDQ pollock during the second

quarter.

MILESTONE: NSEDC AND ITS HARVEST PARTNERS FOR CRAB WILL HARVEST ITS CDQ ALLOCATIONS, AS CLOSE AS REASONALBY POSSIBLE WITHOUT OVERHARVEST, OF CRAB BY THE END OF THE FISHING SEASON EACH YEAR FOR EACH SPECIES.

Activity: Norton Sound Fishermen harvested 2,565 lbs. of CDQ Norton Sound red king crab during the second quarter. There was no other direct harvest of other CDQ crab species.

MILESTONE: NSEDC AND ITS HARVESTING PARTNERS FOR PACIFIC COD, GREENLAND TURBOT, AND SABLEFISH WILL HARVEST ITS CDQ ALLOCATIONS, AS MUCH AS PRACTIVABLE WITHOUT OVER-HARVEST, BY THE END OF THE FISHING SEASON EACH YEAR FOR EACH SPECIES.

Activity: NSEDC, GFC and NSV harvested aapproximately 959 metric tons of CDQ Pacific cod using the *F/V Norton Sound* (GFC) and the *F/V Glacier Bay* (NSV) during the second quarter of 2003.

MILESTONE: NSEDC AND ITS HARVESTING PARTNER FOR ROCK SOLE WILL HARVEST ITS CDQ ALLOCATION, AS MUCH AS PRACTICABLE WITHOUT OVERHARVEST, BY THE END OF THE FISHING SEASON EACH YEAR.

Activity: There was no directed harvest of rock sole and/or other flatfish

fisheries during the second quarter of 2003.

MILESTONE: NSEDC AND ITS HARVESTING PARTNER FOR ATKA MACKEREL WILL HARVEST IT CDQ ALLOCATION, AS MUCH AS PRACTICABLE WITHOUT OVER-HARVEST, BY THE END OF THE FISHING SEASON EACH YEAR.

Activity: There was no directed harvest of Atka mackerel during the second

guarter of 2003.

MILESTONE: NSEDC WILL ATTEND NORTH PACIFIC FISHERIES MANAGEMENT COUNCIL MEETINGS IN 2003-2005.

Activity: NSEDC staff and representatives attended the NPFMC meetings in

Kodiak, AK during the second quarter of 2003.

Fund for Purchase of Equity Interest

MILESTONE: NSIC WILL MAKE A REPORT TO THE BOARD OF DIRECTORS OF NSEDC AT EACH QUARTERLY NSEDC BOARD MEETING.

Activity: NSIC gave a report to the NSEDC Board of Directors at the 2003

first quarter meetings in April 2003.

MILESTONE: NSIC MANAGEMENT COMMITTEE WILL MEET AT LEAST ONCE EACH QUARTER

Activity: NSIC Management Committee met on April 23, 2003.

MILESTONE: NSIC WILL EVALUATE THE POTENTIAL FOR EQUITY INVESTMENT IN ONE OR MORE BERING SEA FISHING COMPANIES BY THE END OF THE FOURTH QUARTER OF EACH YEAR 2003 THROUGH 2005

Activity: Activity is ongoing.

MILESTONE: NSIC WILL TIMELY RESPOND TO ANY OFFER MADE UNDER A BUY/SELL AGREEMENT IN INVESTMENTS TO WHICH NSIC IS A PARTY

Activity: No buy-sell offers were made during the second quarter of 2003.

MILESTONE: NSIC WILL ATTEND ALL REGULAR AND SPECIAL MEETINGS OF THE OWNERS FOR COMPANIES IN WHICH NSIC HAS A DIRECT OWNERSHIP INTEREST, OTHER THAN PASSIVE EQUITY INTEREST, AND A RIGHT TO ATTEND AND PARTICIPATE IN THE MEETING.

Activity: NSIC attended the GFC quarterly meeting on May 19, 2003.

MILESTONE: NSIC WILL INCREASE ITS LEVEL OF EQUITY INVESTMENT IN THE FISHING INDUSTRY BY THE END OF THE 4^{TH} QUARTER 2005

Activity: No new NSIC equity investments in the fishing industry were

consummated in the second quarter 2003.

Funding for Harvesting and Tendering Vessel

MILESTONE: NSIC WILL EVALUATE THE POTENTIAL FOR INVESTMENT IN ONE OR MORE BERING SEA FISHING VESSELS BY THE END OF THE FOURTH QUARTER OF EACH YEAR 2003 THROUGH 2005

Activity: Activity is ongoing.

MILESTONE: NSIC WILL TIMELY RESPOND TO ANY OFFER MADE UNDER A BUY/SELL AGREEMENT IN INVESTMENTS TO WHICH NSIC IS A PARTY

Activity: No buy-sell offers were made during the second quarter of 2003.

MILESTONE: NSIC WILL ATTEND ALL REGULAR AND SPECIAL MEETINGS OF THE OWNERS FOR COMPANIES IN WHICH NSIC HAS A DIRECT OWNERSHIP INTEREST, OTHER THAN PASSIVE EQUITY INTEREST, AND A RIGHT TO ATTEND AND PARTICIPATE IN THE MEETING

Activity: NSIC attended the GFC quarterly meeting on May 19, 2003.

MILESTONE: NSIC WILL HAVE AN INTEREST IN ONE OR MORE ADDITIONAL HARVEST VESSELS BY THE END OF THE FOURTH QUARTER 2005.

Activity: Activity is ongoing.

Fund for IFQ Purchases

MILESTONE: NSIC WILL EVALUATE THE POTENTIAL FOR ACQUISITION OF ADDITIONAL QUOTA SHARE BY THE END OF THE FOURTH QUARTER OF EACH YEAR 2003 THROUGH 2005, AND WILL ACQUIRE ADDITIONAL QUOTA SHARE BY THE END OF THE FOURTH QUARTER 2005

Activity: NSIC evaluated both halibut quota shares and IFQ quota shares during the first querter of 2003

during the first quarter of 2003.

MILESTONE: NSIC WILL PUT THE IFQ IT OWNS OUT FOR HARVEST, AND HARVEST AS MUCH AS REASONABLY POSSIBLE BY THE END OF THE FOURTH QUARTER EACH YEAR

Activity: Activity is ongoing.

<u>Education, Employment and Training Program – Education & Training Component</u>

MILESTONE: NSEDC WILL HAVE PROVIDED FISHERIES SKILLS TRAINING OPPORTUNITIES UNDER THIS CDP FOR 45 RESIDENTS OF THEREGION OR OF NEARBY COMMUNITIES BY THE END OF THE FOURTH QUARTER OF EACH YEAR.

Activity: A Fisheries Safety Orientation class was held at Alaska Vocational Technical Education Center in Seward on April 13 – 24, 2003 in which fourteen residents were given the opportunity to receive their certifications. Eight of the fourteen residents received their certifications.

MILESTONE: NSEDC WILL AWARD AT LEAST \$120,000 IN SCHOLARSHIPS TO STUDENTS BY THE END OF THE FOURTH QUARTER OF EACH YEAR.

Activity: NSEDC awarded \$27,187 to twenty-three students in post-secondary scholarships and \$8,750 to seven students in vocational scholarships in the second quarter of 2003.

MILESTONE: NSEDC EET PERSONNEL WILL MAKE OUTREACH VISITS FOR THIS PROGRAM TO AT LEAST FIVE COMMUNITIES IN THE REGION OR OF NEARBY COMMUNITIES BY THE END OF THE FOURTH QUARTER OF EACH YEAR.

Activity: No trips were made this quarter.

MILESTONE: NSEDC WILL EVALUATE AND FUND AT LEAST ONE K-12 SUPPORT PROGRAM/PROJECT BY THE END OF THE FOURTH QUARTER EACH YEAR.

Activity: NSEDC staff evaluated the possibility of providing financial support for the development of a regional learning center in Nome, which is co-sponsored by the Bering Straits School District and the Nome Public School District, during the first quarter of 2003.

Education, Employment and Training Program - Employment Component

MILESTONE: NSEDC AND NSSP WILL FACILITATE THE EMPLOYMENT OF 110 RESIDENTS OF THE REGION OR OF NEARBY COMMUNITIES ONTO FACTORY TRAWLERS, OTHER OFFSHORE FISHING VESSELS, NEAR-SHORE PROCESSORS AND FISHING VESSELS, AND IN SHORESIDE PROCESSING PLANTS BY THE END OF THE FOURTH QUARTER OF EACH YEAR

Activity: Twenty-eight residents of member communities or of nearby communities received \$267,993.85 in crew share wages from Glacier Fish Company during the second quarter.

Ten residents of member communities or of nearby communities received \$12,745.05 in wages working in the shoreside processing plants from NSSP during the second quarter.

Two residents of member communities or of nearby communities received \$625.00 in wages working on the tender vessels during the second quarter.

MILESTONE: NSEDC EET PERSONNEL WILL MAKE OUTREACH VISITS FOR THIS PROGRAM TO AT LEAST FIVE COMMUNITIES IN THE REGION OR OF NEARBY COMMUNITIES BY THE END OF THE FOURTH QUARTER OF EACH YEAR.

Activity: No trips were made this quarter.

MILESTONE: NSEDC WILL PLACE AT LEAST SIX INTERNSHIPS IN OFFICE OR FIELD SETTINGS BY THE END OF THE FOURTH QUARTER EACH YEAR.

Activity: Sixteen internship positions were sponsored by NSEDC at various organizations during the second quarter. The following is a list of the organizations, interns and internship positions.

NSEDC

• Leslie Richards, Administrative Intern (White Mountain)

NSEDC Salmon Rehabilitation & Enhancement Program

- Vaughn Munn, Fisheries Technician (Nome)
- Jared Miller, Fisheries Technician (Nome)
- John Mikulski, Fisheries Technician (Nome)
- Andrew Krenz, Fisheries Technician (Anaktuvuk Pass)

Glacier Fish Company

• Jeenean Ferkinhoff, Sales & Marketing Intern (White Mountain)

Nome District Attorney's Office

• Katie Morris, Legal Intern (White Mountain)

Kawerak, Inc.

- Scott Dunavin, Fisheries Technician (Nome)
- Cori Dunavin, Fisheries Technician (Nome)
- Mitch Dementieff, Fisheries Technician (Nome)
- Scott Dixon, Fisheries Technician (Nome)

ADF&G

- Rhonda Sparks, Herring Intern & Camp Coordinator Assistant (Nome)
- Billy Simon, Research/Nome Weir Intern (Nome)
- Chris Miller, Research/Nome Weir Intern (Nome)
- Kevin Strong, Kwiniuk River Tower Intern (Nome)
- Jack Adams, Niukluk River Tower Intern (White Mountain)

Education Endowment

MILESTONE: NSEDC WILL EVALUATE THE POSSIBILITY OF FUNDING THE EDUCATION, TRAINING, AND SCHOLARSHIP PROGRAM FROM EARNINGS OF THE EDUCATION, TRAINING, AND SCHOLARSHIP ENDOWMENT AND DEVELOP A SCHEDULE FOR DOING SO, BY THE END THE FOURTH QUARTER 2005.

Activity: No activity this quarter.

MILESTONE: NSEDC FINANCIAL ADVISORY COMMITTEE WILL REVIEW INVESTMENT PERFORMANCE AND ASSET ALLOCATION AT LEAST ONCE EACH QUARTER.

Activity: The NSEDC Financial Advisory Committee met and reviewed investment performances on April 24, 2003.

Revolving Loan Program

MILESTONE: NSEDC WILL CONDUCT ANNUAL REVIEWS OF THE REVOLVING LOAN PROGRAM BY THE END OF THE 4^{TH} QUARTER EACH YEAR.

Activity: The NSEDC Financial Advisory Committee met and reviewed the Revolving Loan Program on April 24, 2003.

MILESTONE: NSEDC FINANCIAL ADVISORY COMMITTEE WILL REVIEW THE REVOLVING LOAN PROGRAM PORTFOLIO QUARTERLY.

Activity: The NSEDC Financial Advisory Committee met and reviewed the Revolving Loan Program on April 24, 2003.

Fisheries Development Program

MILESTONE: NSEDC WILL PREPARE A DETAILED PLAN TO CONDUCT FISHERIES DEVELOPMENT ACTIVITIES BY THE END OF THE SECOND QUARTER EACH YEAR.

Activity: A fisheries development plan for 2003 was completed by the program manager for Norton Sound Fisheries Research and Development during the first quarter.

MILESTONE: NSEDC WILL FUND AT LEAST ONE FISHERY DEVELOPMENT PROJECT BY THE END OF THE FOURTH QUARTER EACH YEAR.

Activity: NSEDC Norton Sound Fisheries Research and Development Program conducted a Blue king crab experimental fishery project in Diomede during the first quarter.

Salmon Rehabilitation and Enhancement Program

MILESTONE: NSEDC WILL PREPARE A DETAILED PLAN TO FUND SALMON REHABILITATION AND ENHANCEMENT PROJECTS BY THE END OF THE SECOND QUARTER OF EACH YEAR.

Activity: A salmon rehabilitation and enhancement plan for 2003 was completed by the program manager for Norton Sound Fisheries

Research and Development during the first quarter.

MILESTONE: NSEDC WILL FUND AT LEAST ONE SALMON REHABILITATION AND ENHANCEMENT PROJECT BY THE END OF THE FOURTH QUARTER OF EACH YEAR.

Activity: Norton Sound Fisheries Research and Development began three projects during the second quarter: Juvenile Coho Production & Distribution Project, Juvenile Chum Ecology Project and the Chum & Coho Fecundity Project. In addition to these three projects NSEDC funded fisheries projects with ADF&G, Kawerak, Inc., Native Village of Unalakleet, and the Bureau of Land Management.

Shoreside Infrastructure Improvements Program

MILESTONE: NSEDC WILL EVALUATE AT LEAST TWO SITE-SPECIFIC SHORESIDE INFRASTRUCTURE IMPROVEMENT PROJECTS EACH YEAR

Activity: The Shoreside Infrastructure Improvements Program evaluated the White Mountain Fisheries Disaster Project, Golovin Fisheries Disaster Project and the Native Village of Unalakleet Seafood Processing Plant Upgrade Project during the first quarter.

MILESTONE: NSEDC WILL MAKE ALL APPROVED CONTRIBUTIONS TO THE NOME NAVIGATION IMPROVEMENTS PROJECT IN A TIMELY FASHION.

Activity: The 2003 contribution to the Nome Navigation Improvements Project was made to the City of Nome on June 27, 2003.

CDQ Fees

MILESTONE: NSEDC WILL MAKE ANY REQUIRED PAYMENTS OF CDQ FEES WITHIN 60 DAYS OF THE END OF THE QUARTER IN WHICH THEY ARE DETERMINABLE

Activity: The NSEDC payment for the 2003 CDQ fees to the State of Alaska was made on June 10, 2003.

Norton Sound Seafood Products

MILESTONE: THE NSEDC BOARD WILL ACT UPON THE RECOMMENDATIONS OF NSSP NO LATER THAN THE END OF THE SECOND QUARTER EACH YEAR.

Activity: NSSP Management made their recommendations for the 2003 operations during the April board of director meetings in Nome.

MILESTONE: NSEDC OR AN NSEDC SUBSIDIARY WILL MARKET AT LEAST 50% (BY WEIGHT) OF THE CDQ CRAB ALLOCATED TO NSEDC BY THE END OF THE FOURTH QUARTER EACH YEAR.

Activity: This activity continues to be coordinated by NSEDC and Glacier Seafood International. Also, NSEDC recently established a joint venture arrangement with Royal Aleutian Seafoods for the processing and sales for NSEDC CDQ crab.

The CDQ Norton Sound red king crab harvested out of Nome is directly marketed by NSSP.

Norton Sound Vessel Management

MILESTONE: NORTON SOUND VESSEL MANAGEMENT WILL EVALUATE OPERATIONS IN THE REGION INCLUDING SUPPORT TO THE HERRING, SALMON, CRAB AND HALIBUT FISHERIES BY THE END OF THE SECOND QUARTER EACH YEAR

Activity: Norton Sound Vessel Management prepared, in conjunction with the NSSP 2003 Operations Plan, proposed operations for NSVM for the upcoming season. These plans were presented to the board at the meetings in April 2003 in Nome.

MILESTONE: THE NSEDC BOARD WILL ACT UPON THE RECOMMENDATIONS OF NORTON SOUND VESSEL MANAGEMENT NO LATER THAN THE END OF THE SECOND QUARTER EACH YEAR

Activity: Norton Sound Vessel Management prepared, in conjunction with the NSSP 2003 Operations Plan, proposed operations for NSVM for the upcoming season. These plans were presented to the board at the meetings in April 2003 in Nome.

Community Outreach Program

MILESTONE: PROVIDE STAFF SUPPORT AND FUNDING FOR THE PREVENTION OF ALCOHOL AND SUBSTANCE ABUSE BY THE END OF EACH YEAR.

Activity: No activity this quarter.

MILESTONE: DIRECTLY CONTACT AT LEAST 30 INDIVIDUALS EACH QUARTER REGARDING THE AVAILABILITY OF NSEDC'S TRAINING AND SCHOLARSHIP PROGRAMS.

Activity: Forty-six individuals were directly contacted by the NSEDC

Liaisons and the EET Coordinator regarding the NSEDC training and scholarship programs during the second quarter of 2003.

Other Fund Management

MILESTONE: NSEDC FINANCIAL ADVISORY COMMITTEE WILL REVIEW INVESTMENT PERFORMANCE AND ASSET ALLOCATION AT LEAST ONCE EACH QUARTER.

Activity: The NSEDC Financial Advisory Committee met and reviewed

investment performance and asset allocation on April 24, 2003.

MILESTONE: NSEDC AND NSIC WILL PROVIDE INVESTMENT OVERSIGHT AND MONITORING OF ALL INCOME-PRODUCING INVESTMENTS DURING EACH QUARTER.

Activity: NSEDC and NSIC monitored all income-producing investments

during the second quarter and will present a report to the board at the NSIC Management Committee meeting and the NSEDC

Financial Advisory Committee meeting in July.

Board Training

MILESTONE: THE NSEDC BOARD OF DIRECTORS WILL ATTEND AN ANNUAL RETREAT FOR THE PURPOSE OF BOARD TRAINING BY THE END OF THE 4TH QUARTER EACH YEAR.

Activity: No activity this quarter.

Substance Abuse Prevention

MILESTONE: NSEDC WILL CONTINUE TO FOLLOW THE SUBSTANCE ABUSE POLICIES OUTLINED IN OUR PERSONNEL POLICIES.

Activity: NSEDC continued to follow the substance abuse policies during the

second quarter.

MILESTONE: NSEDC WILL SCREEN ALL APPLICANTS FOR EMPLOYMENT POSITIONS WITHIN THE SEAFOOD INDUSTRY FOR DRUG-FREE STATUS.

Activity: NSEDC and GFC continued to screen all applicants for training and

seafood industry employment opportunities during the second

quarter.

MILESTONE: NSEDC WILL MAKE A GRANT TO EACH SCHOOL DISTRICT THAT FALLS WITHIN OUR MEMBER COMMUNITIES TO AID IN FUNDING AN ABUSE PREVENTION PROGRAM/CURRICULUM.

Activity: No activity this quarter.

Community Benefit Share

MILESTONE: THE NSEDC BOARD WILL DECLARE A COMMUNITY BENEFIT SHARE BY THE END OF THE THIRD QUARTER OF EACH YEAR.

Activity: No activity this quarter.

MILESTONE: NSEDC WILL TRANSMIT FUNDS TO EACH COMMUNITY THAT ACCEPTS THE TERMS OF THE COMMUNITY BENEFIT SHARE WITHIN 45 DAYS OF NSEDC'S NOTIFICATION OF THE ACCEPTANCE.

Activity: No activity this quarter.

A. Outreach

NSEDC management and staff performed a number of outreach projects/activities during the second quarter of 2003.

- NSEDC Board of Directors held their 2003 first quarter meetings in Nome on April 23 25 at the Bering Straits Native Corporation Board room, these meetings were open to the public.
- NSEDC Board of Directors notified residents of the 2003 first quarter meeting by placing an ad in the Nome Nugget Newspaper.
- The 2003 first quarter reports were mailed out to each member community city office, NSEDC Board of Director and Community Outreach Liaison.
- NSEDC produced a 2002 Corporate Annual report that was sent to every box holder in our member communities.
- Fishermen meetings were held in Nome (April 23) and Unalakleet (April 25) to discuss the upcoming season CDQ and regional fisheries.
- NSEDC placed a number of newspaper advertisements during the second quarter, please see the attachments to this report.
- NSEDC has Community Outreach Liaisons in thirteen of our member communities with the EET office and the NSSC office serving the communities of Unalakleet and Nome, respectively. The NSEDC liaisons are sent informational fliers, applications, and other various information to disseminate to residents in their communities.
- NSEDC has a web page on the internet (<u>www.nsedc.com</u>) in which constituents can access quarterly reports, newsletters, applications, and information regarding opportunities with NSEDC.

B. Employment

Employment Data Form

Table 1 EMPLOYMENT DATA FORM June 30, 2003

	Quarter		Year-to-Date	
	People	Wages	People	Wages
Management/Administrative				
NSEDC	3	\$32,148.20	5	\$58,467.30
NSSP	6	\$80,250.39	9	\$112,055.11
Total Management/Administrative	9	\$112,398.59	14	\$170,522.41
CDQ Pollock Related				
A/B Season	25	\$238,924.24	49	\$480,764.71
C/D Season	0	\$0.00	0	\$0.00
Total Pollock Related	25	\$238,924.24	49	\$480,764.71
NSSP Employment	10	\$12,745.05	11	\$12,983.05
Other NSEDC Employment				
Skippers, Deckhands, etc.	2	\$625.00	2	\$625.00
Total Other NSEDC Empl.	2	\$625.00	2	\$625.00
Other Fishing				
GFC - Longline	3	\$29,069.61	4	\$29,189.61
Icicle Seafoods	0	\$0.00	4	\$17,552.41
Norton Sound Herring	25	\$40,399.43	25	\$40,399.43
Norton Sound Salmon	0	\$0.00	0	\$0.00
CDQ Norton Sound Red King Crab	9	\$6,780.00	9	\$6,780.00
O/A Norton Sound Red King Crab	0	\$0.00	0	\$0.00
CDQ 4D/4E Halibut	0	\$0.00	0	\$0.00
O/A Norton Sound Winter Red King Crab	11	\$8,654.75	22	\$31,472.75
Total Other Fishing	48	\$84,903.79	64	\$125,394.20
NSEDC Community Outreach Liaisons	13	\$19,500.00	26	\$39,000.00
Interns				
NSEDC Administration	1	\$3,349.57	4	\$6,510.85
NSEDC Salmon Rehab.	4	\$20,214.51	5	\$28,075.95
Glacier Fish Company	1	\$1,768.70	1	\$1,768.70
Alaska Dept of Fish & Game	5	\$4,281.59	5	\$4,281.59
Kawerak, Inc - Fisheries	4	\$1,731.84	4	\$1,731.84
Nome District Attorney's Office	1	\$3,346.87	1	\$3,346.87
Hageland Aviation - Unalakleet	0	\$0.00	1	\$967.50
Total Interns	16	\$34,693.08	20	\$46,683.30
GRAND TOTALS	123	\$503,789.75	186	\$875,972.67
	NSEDC = NSSP = Partners =	\$86,966.28 \$148,829.62 \$267,993.85	NSEDC = NSSP = Partners =	\$144,775.60 \$203,690.34 \$527,506.73

Employment Summary

Management/Administrative – Nine employees were employed by NSEDC at various offices in the region, and eleven employees were employed in the administrative offices in Anchorage during the second quarter.

CDQ Pollock – Glacier Fish Company paid wages to twenty-five residents of NSEDC member communities or nearby communities who were employed aboard the *F/V Northern Glacier* and the *F/V Pacific Glacier* during the second quarter.

Community Breakdown: 1 employee from Nome

5 employees from Stebbins

1 employee from Mountain Village

2 employees from Unalakleet 3 employees from White Mountain

2 employees for Kaltag

6 employees from Anchorage

1 employee from Nulato

1 employee from St. Michael

2 employees from Shaktoolik

2 employees from Brevig Mission

2 employees from Shishmaref

NSSP Employment – Ten residents were employed by NSEDC/NSSP at NSSP regional facilities in the region during the second quarter.

Community Breakdown: 4 employees from Nome

6 employees from Unalakleet

Other Fishing – Three residents of member communities or of nearby communities were employed by Glacier Fish Company aboard the *F/V Norton Sound* during the second quarter.

Community Breakdown: 2 employees from Anchorage

1 employee from Nome

Twenty-five fishermen participated in the Norton Sound Herring Fishery delivering to Norquest (sponsored by NSEDC/NSSP) in the second quarter.

Community Breakdown: 1 fisherman from Elim

15 fishermen from Shaktoolik

5 fishermen from Unalakleet

1 fisherman from St. Michael

1 fisherman from Stebbins

2 fishermen from Yukon Delta

Nine Fishermen participated in the CDQ Norton Sound red king crab fishery and delivered their harvests to the Norton Sound Seafood Center in Nome during the second quarter.

Community Breakdown: 2 fishermen from Nome

2 fishermen from Shaktoolik 5 fishermen from Unalakleet

Eleven fishermen participated in the Norton Sound Winter red king crab fishery delivering to the Norton Sound Seafood Center in Nome.

Community Breakdown: 11 fishermen from Nome

NSEDC Community Outreach Liaisons – Thirteen residents filled the thirteen liaison positions during the second quarter.

Community Breakdown: 1 liaison from St. Michael

1 liaison from Stebbins 1 liaison from Shaktoolik 1 liaison from Koyuk

1 liaison from Golovin

1 liaison from White Mountain 1 liaison from Brevig Mission

1 liaison from Teller 1 liaison from Wales 1 liaison from Diomede 1 liaison from Savoonga 1 liaison from Gambell 1 liaison from Elim

Interns – Eighteen internship positions were sponsored by NSEDC at various Norton Sound organizations during the second quarter.

Community Breakdown: 4 interns from White Mountain

11 interns from Nome

1 intern from Anaktuvuk Pass

C. Training

Training Data Form

Table 2 TRAINING DATA FORM June 30, 2003

	Quarter		Year-to-Date	
	People	Expenditures	People	Expenditures
Scholarships				
Post-Secondary	23	\$27,187.00	88	\$108,437.00
Vocational	7	\$12,000.00	15	\$12,000.00
Voc-Tech				
Basic				
Advanced				
Other Training				
Fisheries related	8	\$33,383.81	21	\$67,858.63
Student Loans				
CDQ Staff				
CDQ Board				
Other - Marine Safety				
Other - Crab Tagging				
Other Expenditures				
To Educational Institute				
Education Endowment				
Other				
TOTAL	38	\$69,320.81	124	\$197,045.63

Training Summary

${\bf Scholar ships} -$

Post-Secondary – Twenty-three students received post-secondary scholarships in the second quarter.

Community Breakdown: 7 students from Nome

8 students from Unalakleet 1 student from Gambell 1 student from Elim

3 students from White Mountain

2 students from Golovin 1 student from Shishmaref

Vocational - Seven students received vocational scholarships in the second quarter.

Community Breakdown: 1 student from Koyuk

3 students from Nome

1 student from Shaktoolik 1 student from White Mountain 1 student from St. Michael

Other Training -

Fisheries Related – Eight trainees out of a pool of fifteen received their certification in Fisheries Safety Orientation Training from AVTEC in Seward, AK during the second quarter.

Community Breakdown: 5 trainees from Stebbins

1 trainee from St. Michael 1 trainee from Unalakleet 1 trainee from Teller

III. Administration

A. Board Activities

Board of Director Meetings

The NSEDC Board of Directors held their 2003 first quarter meetings in Nome on April 24 - 25, 2003, with the standing committees meeting on the 23^{rd} and 24^{th} .

Substantial Decisions

During the second quarter the following items were approved by the NSEDC Board of Directors: approval to reduce the amount of the pending contribution to the Regional Learning Center proposal from \$500,000 to \$250,000; approval to fund the Native Village of White Mountain and the Chinik Eskimo Community Multi-purpose building proposals both in the amount of \$250,000 from the Second Generation Funds; approval to reschedule the Community Boat Ramp Project for 2004; approval to pay \$50.00 for herring deliveries with a 10% or greater roe percentage; approval of the Golovin Floating Dock Project; approval of the Native Village of Unalakleet Plant Upgrade proposal; approval to increase the Native Village of Unalakleet Enumerator Project request for additional funding; approval to adopt a Residency Appeals Committee; and approval to eliminate the Drug and Alcohol Prevention Proposal.

Board Meeting Minutes

Please see Attachment 13

B. State of Alaska Reporting Compliance

NSEDC complied with all State of Alaska requirements during the second quarter.

C. Amendment Status

Amendments to the 2003-2005 Multi-species Community Development Plan (CDP) that were submitted during the second quarter are listed below:

- CDP amendment 03-04NS: This substantial amendment proposed to contribute up to \$250,000 for the development of the Northwestern Alaska Career & Technical Center. This amendment was disapproved by the State of Alaska and has been forwarded to NMFS.
- CDP amendment 03-05NS: This amendment proposed to contribute up to \$250,000 to the Native Village of White Mountain to partially fund the construction of a multi-purpose building in White Mountain, Alaska. This amendment was disapproved by the State of Alaska and has been forwarded to NFMS.
- CDQ amendment 03-6NS: This amendment proposed to contribute up to \$250,000 to the Chinik Eskimo Community (IRA) to partially fund the construction of a multi-purpose building in Golovin, Alaska. This amendment was disapproved by the State of Alaska and has been forwarded to NFMS.
- CDP amendment 03-07NS: This amendment proposed to increase the approved budget for the Golovin Shoreside Support Project (Golovin Floating Dock) from \$100,000 to \$275,000. This amendment was approved by the State of Alaska and the NMFS.
- CDP amendment 03-08NS: This substantial amendment proposed to transfer 370.0 metric tons of annual CDQ of yellowfin sole to APICDA from NSEDC to allow for the harvest of this CDQ by a harvesting partner that is currently under contract to APICDA and permitted to harvest CDQ yellowfin sole.
 APICDA and NSEDC have agreed to transfer this CDQ and in return NSEDC will receive a royalty payment from the vessel and company. This amendment was approved by NMFS.
- CDP amendment 03-09NS: This amendment proposed to transfer the entire
 amount of non-specific reserve annual CDQ in the amount of 74.352 mt into
 the other species category. The new amount of annual CDQ in the other
 species category is now 403.904 mt. This amount of CDQ other species and
 perhaps more is needed in order to fully prosecute our pollock, Pacific cod,
 Atka mackerel and other groundfish CDQ target fisheries. This amendment
 was approved by NMFS.

IV. Harvesting Report

A. Pollock and Multi-species CDQ Harvest Activities by Target Fishery

See the following tables below:

Table 3:	MS CDQ/PSQ Account Status Report 2003
Table 4:	Pollock Target Fishery
Table 5:	Pacific Cod Target Fishery
Table 6:	Atka Mackerel/Pacific Ocean Perch Target Fishery
Table 7:	Yellowfin Sole Target Fishery
Table 8:	Rock Sole Target Fishery
Table 9:	Flathead Sole Target Fishery
Table 10:	Bering Sea Greenland Turbot Target Fishery
Table 11:	Aleutian Islands Greenland Turbot Target Fishery
Table 12:	Bering Sea Sablefish Target Fishery
Table 13:	Aleutian Islands Sablefish Target Fishery
Table 14:	Halibut Harvest Activity
Table 15:	Crab Harvest Activity
Table 16:	CDQ Quota Transfers

Table 3 MS CDQ/PSQ ACCOUNT STATUS REPORT through Second Quarter 2003

Table 4 POLLOCK TARGET FISHERY (in metric tons)

Table 5 PACIFIC COD TARGET FISHERY (in metric tons)

Table 6 ATKA MACKEREL /PACIFIC OCEAN PERCH TARGET FISHERIES (in metric tons)

Table 7 YELLOWFIN SOLE TARGET FISHERY (in metric tons)

Table 8 ROCK SOLE TARGET FISHERY (in metric tons)

Table 9 FLAT HEAD SOLE TARGET FISHERY

Table 10 BERING SEA GREENLAND TURBOT FISHERY

Table 11 ALEUTIAN ISLANDS GREENLAND TURBOT TARGET FISHERY

Table 12 BERING SEA SABLEFISH TARGET FISHERY

Table 13 ALEUTIAN ISLANDS SABLEFISH TURBOT TARGET FISHERY

Table 14 HALIBUT HARVEST ACTIVITY

Table 15 CRAB HARVEST ACTIVITY

Table 16 CDQ QUOTA TRANSFERS

B. CDQ Fishing Activities

During the second quarter of 2003, NSEDC conducted CDQ fishing operations for Pacific cod in the Bering Sea, sablefish in the Aleutian Islands and red king crab in Norton Sound. We did not conduct directed fishing operations for our other groundfish and crab during the quarter. Through the end of the quarter, NSEDC has harvested a total of 13,609.825 metric tons of annual CDQ including both target and bycatch species, representing approximately 35.47% of the revised total allocation of annual groundfish CDQ for the year.

A summary of the harvest of annual CDQ for the groundfish species by target fishery through the end of the second quarter is provided in Table 3. Harvest information for each of these target fisheries by quarter are provided in Tables 4 - 13, CDQ halibut in Table 14 and CDQ crab in Table 15.

Pollock

There was no directed harvest of CDQ pollock during the second quarter. See Table 4.

Pacific Cod

NSEDC harvested about 959 metric tons of Pacific cod in targeted CDQ fishing operations in the Bering Sea during the second quarter using the *F/V Norton Sound* and *F/V Glacier Bay* – 802 mt during the A season and 157 mt during the B season which opened on June 11. The *Glacier Bay* harvested 283 mt of CDQ cod in fourteen days of fishing at the beginning of April during the A season. The *Norton Sound* harvested 519 mt of CDQ cod at the beginning of April in twenty fishing days and 157 mt in fourteen days of fishing at the end of June during B season fishing operations. This combined harvest is worth about \$200,000 in royalty payments to NSEDC. See Table 5 for a summary of the CDQ and PSQ harvest in the cod target fishery.

Summary of bycatch: Bycatch in the Pacific cod target fishery primarily consisted of 'other species' including skate and sculpin and non-quota pollock, with smaller amounts of rock sole, a mix of flatfish and rockfish. See the attached harvest summary in Table 5 for more detailed information.

Processing report: Products from our Pacific cod CDQ fishery were primarily headed and gutted, eastern-cut and western cut cod packaged and frozen in approximately 40-pound and 50-pound blocks.

Compliance/enforcement issues: To the best of our knowledge, the Norton Sound and Glacier Bay conducted CDQ Pacific cod fishing operations in compliance with applicable federal and state laws and regulations governing the fisheries in the Bering Sea and Aleutian Islands. There were no violations reported by NMFS Enforcement.

Sablefish

The *Alaskan Beauty* harvested 5.015 metric tons of CDQ sablefish in the Aleutian Islands during the second quarter. See Table 13. The vessel made two deliveries of round weight fish to the processing plant in Adak during the month of June. This CDQ harvest was worth about \$4,200 in royalty payments to NSEDC.

In addition to the direct harvest of sablefish CDQ in the Aleutian Islands by our contract vessel, NSEDC transferred 40.0 metric tons of CDQ sablefish in the Bering Sea to Yukon Delta for harvest by the *Lisa Marie*. The *Lisa Marie* harvested 9.66 mt of this transferred quota during the quarter. NSEDC will receive a royalty payment from Yukon Delta Fisheries.

Summary of bycatch: Bycatch in our sablefish target fishery primarily consisted of arrowtooth flounder with very little other species, Greenland turbot, pollock and various rockfish. See the attached harvest summary in Table 13 for more detailed information.

Processing report: The *Alaskan Beauty* produced iced headed and gutted product delivered fresh to a shoreside processing plant in Atka.

Compliance/enforcement issues: To the best of our knowledge, the *Alaskan Beauty* conducted CDQ sablefish fishing operations in compliance with applicable federal and state laws and regulations governing the fisheries in the Bering Sea and Aleutian Islands. There were no violations reported by NMFS Enforcement.

Greenland Turbot

There was no directed harvest of CDQ Greenland turbot during the second quarter. NSEDC may commence targeted fishing operations for some turbot during the next quarter. See Table 10 and 11.

Atka Mackerel

There was no directed harvest of CDQ Atka mackerel during the second quarter. NSEDC will commence targeted fishing operations for Atka mackerel during the third or fourth quarter of the year. See Table 6.

Yellowfin Sole and Rock Sole

There was no directed harvest of CDQ yellowfin sole, rock sole and/or other flatfish fisheries during the second quarter. Limited quantities of various CDQ species used as bycatch in target fishing operations, particularly CDQ other species, continue to preclude these CDQ fishing operations. NSEDC transferred 370.0 metric tons of CDQ yellowfin sole to APICDA for harvest by Cascade

Fisheries. Most of this transferred quota was harvested during the quarter and NSEDC will receive a royalty payment from Cascade Fisheries through APICDA. See Table 7, 8 and 9.

Halibut

There was no harvest of CDQ halibut during the second quarter. The season has opened for local fishermen harvesting our CDQ halibut and delivering to the NSSC in Nome. See Table 14.

Bering Sea Opilio Crab

There was no directed harvest of CDQ opilio crab during the second quarter. The opilio crab fishery takes place during the first quarter of each year. See Table 15.

Norton Sound Red King Crab

NSEDC fishermen harvested about 2,500 pounds of red king crab in the CDQ fishery in Norton Sound in two weeks starting on June 15. This CDQ crab was delivered to the NSSC in Nome. The open access fishery commences on July 1 and the remaining CDQ will be harvested after the conclusion of the open access fishery. See Table 15.

Summary of bycatch: N/A

Processing report: NSSP processed the catch of CDQ red king crab at the NSSC located in Nome. The product was primarily sold as fresh cooked sections.

Compliance/enforcement issues: To the best of our knowledge, local fishermen involved in the CDQ fishery operated in compliance with applicable federal and state laws and regulations governing the opilio crab fishery in the Bering Sea. There were no violations reported by NMFS Enforcement.

Bristol Bay Red King Crab

There was no harvest of CDQ red king crab in the Bristol Bay fishery during the second quarter. A groundfish crab survey to assess the status of the crab stocks will be conducted by ADF&G this summer. The GHL for this season - starting in October or November - will be set sometime thereafter. NSEDC will red king crab fishing operations after the open access harvest during the fourth quarter. See Table 15.

St. Matthew Blue King Crab

There was no harvest of CDQ king crab at St. Matthew during the second quarter. This commercial crab fishery is closed again to open access and CDQ harvest in 2003.

Bering Sea Bairdi Crab

There was no harvest of CDQ bairdi crab during the second quarter. This commercial crab fishery is closed again to open access and CDQ harvest in 2003.

V. Confidential Issues

A. Financial Statements

NSEDC Statement of Financial Position (Attachment 1)

NSEDC Statement of Activities (Attachment 2)

NSEDC Statement of Cash Flows (Attachment 3)

NSEDC Administrative Expense Schedule (Attachment 4)

NSEDC Budget to Actuals (Attachment 5)

NSEDC Species Royalty Analysis (Attachment 6)

Glacier Fish Company Report

Balance Sheet (Attachment 7)

Comparative Schedule of Operations (Attachment 8)

Statement of Cash Flows (Attachment 9)

Norton Sound Ventures LLC

Balance Sheet (Attachment 10)

Consolidated Income Statement (Attachment 11)

Statement of Cash Flows (Attachment 12)

In accordance with State of Alaska Statutes 6AAC93.070 (b), (c), and (d), NSEDC requests these and other documents marked "CONFIDENTIAL" be kept confidential and not released to the public or any other party.

B. Tax Issues

None

C. Imminent Major Investments

None, other than anything that NSEDC may have provided to the State of Alaska under a confidentiality petition.

D. Other

Also included as attachments to this report are the following items:

- NSEDC newspaper advertisements for the following:
 - o NSSC Marketing (Attachment 14)
 - o NSSC Marketing (Attachment 15)
 - o NSSC Marketing (Attachment 16)
 - o In Memory of Randy Ellingworth (Attachment 17)

- o NSEDC Christmas Card Contest (Attachment 18)
- o NSSC Marketing (Attachment 19)
- o NSSC Marketing (Attachment 20)
- o NSSC Marketing (Attachment 21)
- o NSSC Marketing (Attachment 22)
- o NSSC Marketing (Attachment 23)
- o NSEDC CDQ Norton Sound Fisheries (Attachment 24)
- o NSSC Marketing (Attachment 25)
- o NSSC Marketing (Attachment 26)
- o NSSC Marketing (Attachment 27)
- o NSSC Marketing (Attachment 28)
- o NSEDC Employment Opportunities (Attachment 29)
- NSEDC Meeting Notice & Employment Opportunities (Attachment 30)